

December 14, 2010

Mary Nichols, Chairman  
James Goldstene, Executive Officer  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95812

**Re: Joint South Coast AQMD and San Joaquin Valley APCD Comments on Proposed Amendments to the Regulations for In-Use On-Road Diesel-Fueled Vehicles and for In-Use Off-Road Diesel-Fueled Fleets.**

Dear Ms. Nichols and Mr. Goldstene:

This comment letter is being provided to you jointly on behalf of the South Coast Air Quality Management District and the San Joaquin Valley Air Pollution Control District. Together, these two air basins comprise most of the geographical nonattainment area in California for health-based federal ozone and PM<sub>2.5</sub> standards, and are also home to most of the population impacted by excessive levels of those pollutants. As you know, over 80% of the emissions that contribute to PM<sub>2.5</sub> and ozone formation in these air basins are released from the on-road and off-road mobile sources of air pollution that are the subject of a public hearing during the regularly scheduled meeting of your governing board in December. It is impossible for the South Coast and San Joaquin Valley to meet the health-based federal ozone and PM<sub>2.5</sub> standards without significant reductions in emissions from the in-use on-road diesel-fueled vehicles and the in-use off-road diesel-fueled fleets. In December, your Board is considering significant relaxations of the existing regulations covering these source categories.

The primary justification for the proposed relaxations is rooted at the adjustments to the current and projected emissions estimates for the affected source categories which show significantly lower emissions compared to the 2007 State Implementation Plan (SIP) for the San Joaquin Valley and the South Coast Air Basin. These adjustments reflect enhancements to the inventory from better quantification methodologies and better accounting for the impact from the economic recession. We have reviewed CARB's work on the new emissions estimates and believe that new inventory estimates reflect major improvements and are reasonable given the available data. We are also aware of the fact that the industry estimates show that the projected emissions may be even lower than the CARB's estimates. We are, however, concerned that the proposed relaxations leave little or no margin for error in relation to the reductions needed

to reach attainment of the PM2.5 standards before the federally mandated deadline in 2015.

Our concern arises from the fact that failure to meet the standards in a timely fashion will subject the South Coast and the San Joaquin Valley regions to devastating sanctions under the federal Clean Air Act. Failure to get the necessary reductions from mobile sources under state's jurisdiction will unfairly shift the burden to stationary sources that have been heavily regulated already. Given the current high level of control on stationary sources and that fact that over 80 percent of the emissions come from mobile sources, any shortfalls cannot be rectified with more regulations on stationary sources.

We do understand that emissions inventory estimates are always a work in progress that can be enhanced over time. This is particularly true for complex sources categories such as the ones in question here. Another added variable here is the assumptions regarding the pace and timing of the economic recovery which is very difficult to forecast. Given that the proposed amendments rely heavily on CARB's new emissions estimates leaving no margin for error in the San Joaquin Valley and a small margin for error in the South Coast Air Basin, we urge your Board to consider the following in adopting the proposed relaxations to the existing regulations:

1. Reaffirm CARB's commitment that mitigating any shortfall in emission reductions will be the responsibility of CARB from sources under the state's jurisdiction.
2. Accept a commitment by CARB to regularly monitor and report on the actual emissions and related trends for the affected source categories, and take timely regulatory action to remedy shortfalls, if any;
3. Partner with the South Coast AQMD and the San Joaquin Valley APCD to do additional work to improve the statewide and regional emissions inventory estimates for the affected source categories (which includes collection of additional in-use information such as load factor and activity data); and
4. Take actions to facilitate more rapid and effective use of incentive grants in generating earlier reductions from the affected source categories to minimize potential shortfalls such as a SOON type program or the San Joaquin's FAST (Fleet Accelerated Surplus Turnover) program for on-road diesel trucks funded by the state.

We have prepared draft resolution language containing commitments with date-certain for actions by CARB to implement the above recommendations and the

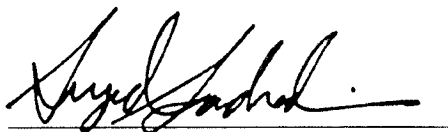
language is attached for your consideration. We urge your Board to add the attached language to the adopting resolution for the proposed amendments.

With respect to necessary enhancements to the incentive grant programs, we recommend the following actions:

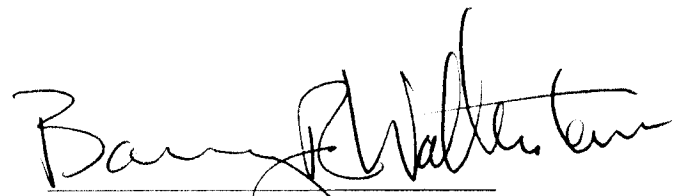
- a. Adopt uniform program guidelines and funding caps across various incentive grant programs (i.e., Prop. 1B, VIP, Moyer, etc.) with a particular focus on encouraging emissions reductions as early as possible by increasing program participation.
- b. Streamline and simplify application processes that encourage (not discourage) participation, especially from small fleet owners and owner operators.
- c. Maximize flexibility with respect to the definition of "surplus" as allowed under federal law, with an emphasis on maximizing the availability of projects and cost-effectiveness.
- d. Increase opportunities for small businesses by adjusting the definition of small fleets to include small businesses with more than three vehicles. This concept is in alignment with CARB's current focus on assisting small businesses and we would welcome the opportunity to assist in crafting an appropriate definition of small fleets. It is our understanding that your staff is considering such flexibilities as part of the Carl Moyer Program retooling early next year.

We thank you for the opportunity to provide these comments as you consider the proposed regulatory amendments. We look forward to working with you and your staff to assure timely reductions in emissions and to fulfill our obligations under the pending State Implementation Plans.

Sincerely,



Seyed Sadredin  
Executive Director/APCO  
San Joaquin Valley APCD



Barry R. Wallerstein D.Env.  
Executive Officer  
South Coast AQMD

CC: CARB Governing Board members

Attachment

## **Attachment**

### **Proposed Resolution Language**

WHEREAS, the California Air Resources Board has revised the on-road and off-road mobile source emissions inventory estimates for the San Joaquin Valley and the South Coast Air Basin based on the best available data and emissions inventory estimates have inherent uncertainties given the available data such as in-use load factors and activity;

WHEREAS, the California Air Resources Board is considering proposed amendments to the On-Road Truck and Bus Regulation and the In-Use Off-Road Diesel-Fueled Fleets Regulation based on remaining NOx equivalent emissions needed for the 2007 SIP for the San Joaquin Valley and the South Coast Air Basin;

WHEREAS, with the full implementation of the proposed amendments to the On-Road Truck and Bus Regulation and the In-Use Off-Road Diesel-Fueled Fleets Regulation would leave no margin for error in the San Joaquin Valley and 4.6 tons per day NOx equivalent emissions in the South Coast Air Basin to demonstrate attainment of the federal annual PM2.5 ambient air quality standard provided in the 2007 State Implementation Plan (SIP);

BE IT FURTHER RESOLVED that the Board hereby reaffirms the California Air Resources Board's commitment to meeting its obligations in the 2007 SIP for the San Joaquin Valley and the South Coast Air Basin. Any emissions shortfall reductions associated with the adoption of the proposed amendments to the On-Road Truck and Bus Regulation and the In-Use Off-Road Diesel-Fueled Fleets Regulation will be the responsibility of the California Air Resources Board from sources under the state's jurisdiction.

BE IT FURTHER RESOLVED that the Board hereby directs staff to monitor and provide a report no later than July 2012 on the actual emissions and related trends for the affected source categories, and take necessary actions to remedy any shortfalls. Such action may be regulatory or may be actions necessary to facilitate more rapid and effective use of incentive grants to generate earlier reductions from the affected source categories to minimize potential shortfalls. Such actions shall be developed by staff for the Board's consideration no later than December 2012.

BE IT FURTHER RESOLVED that the Board hereby directs staff to work with the respective staffs of the San Joaquin Valley Air Pollution Control District and the

South Coast Air Quality Management District to continue enhancements and understanding of the on-road and off-road mobile source emissions inventory estimates. As part of this effort, the three agencies shall work collaboratively to gather, at a minimum, additional in-use data on off-road equipment and on-road truck activity.